(b) if so, what steps Government have taken to solve the liquidity problems ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI RAMESHWAR THAKUR) : (a) and (b) The guidelines for Foreign Institutional Investors dated 14-9-92 make it obligatory on the part of the Foreign Institutional Investors to register themselves with SEBI as well as to get permission under FERA from the RBI before they can start their operations in India. The response of the Foreign Institutional Investors has been good, as so far 20 FIIs have applied for registration with SEBI, Out of these, 2 have been given permission. Since no substantial inflow of funds has taken place so far, and also the stock exchange at Bombay was closed only for 2 days on November 16 and 17 for reasons other than settlement of transactions, it would be incorrect to state that the closure of stock markets has affected the liquidity of these 2 registered FIIs.

Rise in Trade Deficit

2263. SHRI MENTAY PADMANABHAM : Will the MINISTER OF FINANCE be pleased to state :

(a) whether Government's attention have been drawn to a newsitem published in the Economic Times of the 16th October, 1992 captioned "Trade deficit rises to 2.3 billion $ ";

(b) if so, what is the reaction of his Ministry thereto;

(c) whether it is also a fact that this rise in trade deficit is due to import liberalisation initiated after April this year; and

(d) what is the actual balance of payment position as on the 31st October, 1992 ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI RAMESHWAR THAKUR) : (a) Yes, Sir.

(b) and (c) The rise in the trade deficit this year has been mainly due to the high growth of imports which had to be compressed last year due to balance of payments crisis. Lifting of import curbs was necessary as industrial production was adversely affected. The rise in trade deficit this year was expected and does not cause concern in management of balance of payments.

(d) The net result of all external transactions is reflected in the movement in foreign exchange reserves. Foreign exchange reserves (excluding gold and SDRs) at the end of October, 1992 had been $ 5466 million (Rs. 14120 crores) as against US $ 2707 million (Rs. 7016 crores) in October, 1991 and US $ 5631 million (Rs. 14578 crore) at the end March 1992.

Income-tax raids on Stock Brokers

2264. SHRI MENTAY PADMANABHAM : Will the MINISTER OF FINANCE be pleased to state :

(a) what are the details of raids conducted by the Income-tax Department on the Stock brokers in Bombay and other places since the securities Scam; and

(b) what follow up action has been taken thereon ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI RAMESHWAR THAKUR) : (a) The details of searches conducted and unaccounted assets seized from the premises of share brokers during the current financial year are given in the Statement (*See below*).

(b) The information and evidence collected in the searches has been communicated to the assessing officers and necessary follow up actions and investigations as provided for under the Income-tax Act have been taken up. In most cases, summary orders u/s 132(5) of the Income-tax Act have also been finalised after considering the material found in the searches.